

R 121450Z DEC 86
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 1591
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMCONSUL PORTO ALEGRE POUCH
AMCONSUL RECIFE POUCH
AMCONSUL SALVADOR DA BAHIA POUCH
BELO HORIZONTE POUCH
AMEMBASSY COLOMBO
AMEMBASSY TEGUCIGALPA
AMEMBASSY MANAGUA

UNCLAS SECTION 01 OF 02 BRASILIA 13835

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SUBJECT: THE BRAZILIAN CONNECTION WITH IRAN AND
THE CONTRAS

REFS: (A)BRASILIA 13511, (B)BRASILIA 4799

¶1. (U) WITH THE UNRAVELING OF THE IRANIAN ARMS/CONTRA AID SCANDAL, THE BRAZILIAN PRESS CONTINUES TO POINT TO A SO-CALLED "BRAZILIAN CONNECTION". WEEKLY NEWS MAGAZINE "VEJA" AND CONSERVATIVE "O ESTADO DE SAO PAULO" RAN STORIES IN THE LAST FEW DAYS ON THE SUPPOSED BRAZILIAN INVOLVEMENT.

¶2. "ESTADO'S" DEFENSE EDITOR ROBERTO GODOY WROTE ABOUT ALLEGED U.S. ATTEMPTS TO OBTAIN HAWK MISSILES FROM BRAZIL IN 1986, AN UNUSUAL REQUEST, ACCORDING TO GODOY, FOR BRAZIL DOES NOT HAVE SUCH SYSTEM IN ITS INVENTORY. THE FIRST CONTACT, GODOY SAID, WAS MADE IN EARLY 1986 BY AN "ADVISOR" TO H. ROSS PEROT TO A LOCAL ARMS PRODUCER, AND THE SECOND IN MAY, TO A FORMER MEMBER OF THE BRAZILIAN NATIONAL SECURITY COUNCIL INVOLVED WITH THE ARMS INDUSTRY. GODOY EXPLAINED THAT THE AMERICAN PROPOSED TO TRADE HAWKS FOR THE MORE ADVANCED SPARROW, NOT SPECIFYING WHERE THE WEAPONS WOULD GO. IN BOTH INSTANCES, HE CONTINUED, THE AMERICAN WAS TURNED DOWN BECAUSE THE BRAZILIANS SUSPECTED THE CONTRAS OR IRAN AS RECIPIENTS AND SAID GOVERNMENT RULES WOULD NOT ALLOW SUCH "NEBULOUS" TRANSFERS OR SALES TO A NATION AT WAR. GODOY ALSO REFERRED TO JAIRO IWAMASSA GUINOZA'S CONNECTION (SEE REFTTEL A) RESTATING THAT GUINOZA WAS NEVER ABLE TO PURCHASE ANY ARMS FROM BRAZILIAN MANUFACTURERS.

¶3. "VEJA'S" STORY CLAIMS TO PRESENT "PROOF" OF BRAZILIAN INVOLVEMENT WITH THE CONTRAS AND IRAN, BUT IT IS SHORT ON EVIDENCE AND SOURCES. ONE OF THE "PROOFS" IS A RECENT PHOTOGRAPH OF FIVE BOXES OF HAND GRENADES MADE BY COMPANHIA DE EXPLOSIVOS VALPARAIBA IN SAO PAULO. ACCORDING TO THE ARTICLE, THE GRENADES WERE SHIPPED TO SRI LANKA IN 1984 AND IT SPECULATES THAT SOME OF THEM WERE DIVERTED TO HONDURAS FROM SOUTH AFRICA, A PORT STOP ALONG THE WAY. "VEJA" DOES NOT KNOW HOW MANY CONTRABAND WEAPONS ENDED UP IN THE CONTRA'S TRAINING CAMP, NOR THE SIZE OF THE ORIGINAL SHIPMENT TO COLOMBO, BUT SUGGESTS THAT THE TRANSFER WAS MADE WITH THE CONSENT OF THE BUYER, FOR SRI LANKA DID NOT PROTEST THE INCOMPLETE SHIPMENT. ANOTHER "PROOF" WAS FINDING TWO HONDURAN AIR FORCE OFFICERS TRAINING AT EMBRAER ALSO IN 1984. HONDURAS HAD SIGNED A US DOLS 10 MILLION CONTRACT "FINANCED BY RONALD REAGAN'S GOVERNMENT" FOR THE PURCHASE OF TUCANOS. IN "VEJA'S" OPINION, NICARAGUA NOW HAS EVIDENCE TO MAKE A CLAIM FROM ITAMARATY ON BRAZIL'S SUPPORT TO NICARAGUA'S FOES.

¶4. (U) "VEJA" ALSO REHASHES THE STORY OF U.S. CITIZEN GEORGE PERRY'S DEATH IN 1983 IN NEW YORK. SUPPOSEDLY PERRY WAS KILLED BECAUSE HE DIDN'T FULFILL HIS PART ON A US DOLS 20 MILLION DEAL TO DELIVER ARMS TO IRAN, AND THE GOB'S VISA REFUSAL FOR THE U.S. INVESTIGATOR OF THE CRIME. IN ADDITION, VARIOUS ATTEMPTS AT SHADY SALES TO AFRICA AND THE MIDDLE EAST IN THE EARLY 80'S ARE DESCRIBED. THE STORY ENDS WITH THE UNDOCUMENTED ASSERTION THAT IRAN PURCHASED IN 1983 US DOLS 500 MILLION WORTH OF "EXPLOSIVES" AND THAT SINCE THEN THE GOB HAS "TENDED TO IRAN'S REQUESTS" INCLUDING SENDING A "PLANE LOAD OF ARMS" LAST WEEK.

¶5. (LOU) COMMENT: THE BRAZILIAN PRESS IS SEARCHING FOR BRAZILIAN INVOLVEMENT IN THE US/IRAN/CONTRA ARMS TRAFFIC BUT SO FAR THE EVIDENCE IS NOT CONVINCING. MOST OF THE INSTANCES CITED BY THE PRESS OCCURRED A FEW YEARS BEFORE THE U.S. BEGAN ITS SECRET CONTACTS. ATTEMPTS AT SALES MUST HAVE CERTAINLY BEEN MADE INDEPENDENT OF U.S. EFFORTS. IN ADDITION TO THE ABOVE, "JORNAL DO BRASIL" REPORTED IN JUNE 1984 NEGOTIATIONS FOR THE SALE OF ONE MILLION GRENADES TO A SUBSIDIARY OF THE VALPARAIBA COMPANY MENTIONED ABOVE. ENOUGH TALES OF INTRIGUE AND POTENTIALLY EMBARRASSING SHADY ARMS DEALS MIGHT MAKE THE GOB CONSIDER THE ADVANTAGES OF REQUIRING A NON-TRANSFER TO THIRD PARTIES CLAUSE IN THEIR ARMS SALES CONTRACTS, A REQUIREMENT NOT INCLUDED IN THEIR CURRENT ARMS SALES POLICY GUIDELINES (SEE REFTTEL B).

SHLAUDEMAN